

AN ACT concerning business.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 1. Short title. This Act may be cited as the Prohibition of Unfair Service Agreements Act.

Section 5. Purpose. The General Assembly declares that it is the purpose of this Act:

(1) to prohibit the use of service agreements that are unfair to an owner of residential real estate or to persons who may become owners of that real estate in the future;

(2) to prohibit the recording of unfair service agreements so that the public records will not be clouded by them and future owners will not be put to the burden of bringing suits to remove them from their chains of title; and

(3) to provide remedies for owners who are inconvenienced or damaged by the recording of unfair service agreements.

Section 10. Definitions. As used in this Act:

"Person" means a natural person, partnership, association, cooperative, corporation, trust, or other legal entity.

"Recording" means presenting a document to a county recorder for official placement in the public land records.

"Residential real estate" means real property located in this State that is used primarily for personal, family, or household purposes and is improved by one to 4 dwelling units.

"Service agreement" means a contract under which a person agrees to provide services in connection with the maintenance of or purchase or sale of residential real estate.

"Service provider" means an individual or entity that provides services to a person.

Section 15. Characteristics of unfair service agreements.

(a) A service agreement is unfair under this Act if any part of the service subject to the agreement is not to be performed within one year after the service agreement is entered into and the service agreement has any of the following characteristics:

(1) the service agreement purports to run with the land or to be binding on future owners of interests in the real property;

(2) the service agreement allows for assignment of the right to provide service without notice to and consent of the owner of residential real estate; or

(3) the service agreement purports to create a lien, encumbrance, or other real property security interest.

(b) This Act does not apply to:

(1) a home warranty or similar product that covers the cost of maintenance of a major home system, including plumbing, heating, ventilation, air conditioning, or electrical wiring, for a fixed period;

(2) an insurance contract;

(3) an option or right of refusal to purchase the residential real estate;

(4) a declaration created in the formation of a common interest community or an amendment to the declaration;

(5) a maintenance or repair agreement entered into by a homeowners' association in a common interest community;

(6) a mortgage loan or a commitment to make or receive a mortgage loan;

(7) a security agreement under the Uniform Commercial Code relating to the sale or rental of personal property or fixtures; or

(8) water, sewer, electrical, telephone, cable, or other utility service providers.

(c) This Act shall not impair rights and remedies granted under the Mechanics Lien Act.

Section 20. Unfair service agreements unenforceable. If a service agreement is unfair under this Act it is unenforceable and shall not create a contractual obligation.

Section 25. Deceptive business practice. Entering into an

unfair service agreement with a consumer constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General by the Consumer Fraud and Deceptive Business Practices Act shall be available to the Attorney General for the enforcement of this Act.

Section 30. Recording prohibited.

(a) No person shall knowingly record or knowingly cause to be recorded an unfair service agreement or a notice or memorandum of the unfair service agreement.

(b) Notwithstanding any law to the contrary, a county recorder may refuse to accept for recordation an unfair service agreement.

(c) If an unfair service agreement is recorded, it shall not provide actual or constructive notice against a bona fide purchaser or creditor.

Section 35. Remedies. If an unfair service agreement or a notice or memorandum of the unfair service agreement is recorded, any person with an interest in the real property that is the subject of that agreement may apply to a court in the county where the recording exists to record a court order declaring the agreement unenforceable and that person may recover actual damages, costs, and attorney's fees as may be proven against the service provider who recorded the

Public Act 103-0993

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agreement.

Section 99. Effective date. This Act takes effect upon becoming law.